VILLAGE OF WINNEBAGO
MEMORANDUM

Prepared By:	Jospeh Dienberg, Village Administrator
To:	Chief of Police Jeff White; Director of Public Works Chad Insko
CC:	Village Board of Trustees; Village Treasurer Dana Novinson
Date:	July 28, 2026
Subject:	2027 Budget Kickoff

Budget Kickoff

We are beginning the Village's 2027 budget process. Departmental budgets and completed worksheets are due to the Village Administrator by Friday, August 28th. Our target is to present the proposed budget to the Village Board starting on October 7th and complete the budget process before Thanksgiving.

Responsibility for completing each budget worksheet is assigned as follows:

- **01-41 – Administration:** Dienberg
- **01-42 – Public Works:** Insko
- **01-43 – Police Department:** White
- **15 – Motor Fuel Tax:** Insko
- **17 – Community Development:** Dienberg
- **24 – Strategic Reserves:** Dienberg
- **51 – Water Operations and Maintenance:** Insko
- **90 – Village Events:** Dienberg

For each assigned budget, the responsible department head must complete an updated projection of year-end 2026 expenditures, along with the requested budget amounts for 2027. Each department head must also update the accompanying capital outlay, training requests, professional-association memberships, and budget-justification pages. Submissions should be based on the most current information available and include sufficient supporting detail for significant changes, capital items, or new requests. The responsible department head must review the applicable bank balances and tracking worksheets and ensure that the entire submission is complete and consistent with the assumptions and limitations outlined in this memorandum.

General Fund Department Maximums

Each department head has received a budget worksheet establishing the following maximum General Fund budget amounts:

Administration: $526,800
Public Works: $585,000
Police Department: $1,032,700

These amounts are firm spending caps for the initial departmental submissions. If a department cannot maintain its current operations within its assigned amount, the specific shortfall, its cause, and any resulting service implications will be presented to the Village Board for consideration. Departments should not assume that funding above these amounts will be available. As further revenue projections come in, these caps may change in proportion to the revenue changes.

The maximum budget amounts were developed using each department's modeled share of 2026 uncommitted General Fund revenue: Approximately 22% for Administration, 28% for Public Works, and 50% for the Police Department. This approach is intended to connect each department's spending plan to the revenues reasonably available to support ongoing operations.

Personnel Assumptions:

Several major personnel assumptions remain preliminary. The worksheets currently assume:

1. A 15% increase in health insurance premiums;
2. Current employees remaining enrolled in their existing insurance plans; and
3. A 5% wage increase based on the amounts currently authorized by ordinance.
4. Existing departmental vacancies being filled as part of normal operations.
    - Departments should continue the normal process of filling existing vacancies. However, some members of the Village Board have inquired about current vacancies and may wish to discuss them as part of the budget process. Staffing needs and costs will therefore be reviewed alongside other departmental priorities, with the Village Board ultimately approving staffing levels through the final budget.

The Village has not yet received updated IDES, IMRF, and other fringe-benefit rates. Changes to these rates, employee insurance elections, or other personnel costs will affect the amounts available for departmental operations.

Although the budget begins with a 5% wage increase assumption (Up to 2.5% COLA, Up to 2.5% Merit), current projections may ultimately support a lower increase. The Village Administrator is authorized to reduce wage increases based on budgetary conditions. Any such decision will be made in consultation with the Chief of Police and Director of Public Works before the final budget is presented to the Village Board.

Capital Improvement Plan/Vehicle Replacement

The most significant challenge in this budget cycle will be establishing sustainable funding for capital needs, particularly vehicle replacement and infrastructure.

The Police Department receives approximately $4,000 annually in cannabis-tax revenue and has accumulated a balance over time. That funding should serve as the foundation for the department's long-term vehicle and equipment replacement planning, given the purchase meets statutory requirements.

Public Works receives approximately $100,000 annually in ComEd utility-tax revenue, which supports streetlighting and street projects. Based on prior years, the accumulated balance of that funding was exhausted by the Main Street project. Public Works is therefore beginning this budget cycle without a significant carryover balance available for future street or infrastructure projects. The General Fund also does not currently have a dedicated revenue source for replacing Public Works vehicles.

All applicable bank balances and tracking worksheets have been provided and should be used when preparing the departmental budget submissions.

Capital projects may be included when cash has been intentionally accumulated for that particular purpose, such as available Motor Fuel Tax funds, strategic reserves, or another dedicated funding source. However, unfunded capital requests cannot be included in this year's proposed budget.

Specifically, vehicle purchases should not be funded through the general use of cash reserves unless a sufficient ongoing funding source has been identified to support the Village's long-term vehicle replacement needs and replenish the amount used. A one-time cash balance does not, by itself, provide a sustainable vehicle replacement plan.

Closing these capital funding gaps will ultimately require redirecting dollars that are currently supporting operating expenses. As a result, developing a responsible capital plan may require additional operating reductions and could ultimately affect service levels. Department heads should closely review their budgets, identify efficiencies, distinguish essential services from discretionary expenses, and clearly identify the operational consequences of any proposed reductions.

This will be an extremely challenging budget cycle. I appreciate the hard work and thoughtful consideration that will go into developing these budgets, and I ask everyone to approach the process with an open mind. Difficult choices may be necessary, and our success will depend on working collaboratively to balance the Village's financial limitations, operational needs, capital responsibilities, and service priorities.